

# **FISCAL MEMORANDUM**

## **HB 2568 – SB 2670**

April 1, 2008

**SUMMARY OF AMENDMENTS (015231, 015636):** Amendment 015231 deletes Section 1 of the original bill and substitutes language prohibiting any former governor or former member of the General Assembly from retaining health insurance benefits if that former governor or former member is convicted in any court of this state, or in any federal court, of a felony arising out of that person's official capacity, constituting malfeasance in office. Amendment 015636 deletes Section 1 of the amended bill (amendment 015231) and substitutes language prohibiting any governor or former governor and any member or former member of the General Assembly from retaining health insurance benefits if the governor, former governor, member, or former member is convicted in any court of this state, or in any federal court, of a felony arising out of that person's official capacity, constituting malfeasance in office.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact – If one current or former member of the General Assembly is convicted of a felony during FY08-09, and this individual is of average age, with an average life expectancy, total state expenditures could decrease by an amount estimated to exceed \$700,000 over the individual's remaining life (an average of \$28,000 per year for 25 years).

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Other Fiscal Impact - If one individual is convicted of a felony during FY08-09 and this individual is of average age, with an average life expectancy, total state expenditures could decrease by an amount estimated to be \$247,800 over the individual's remaining life (an average of \$9,912 per year for 25 years).**

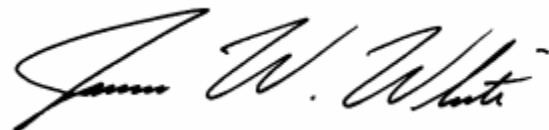
Assumptions applied to amendments:

- All rights, privileges, and benefits would be restored if the conviction is later overturned in any court and such individual is acquitted, or a full pardon has been granted.
- The average age of the individual is estimated to be 55.
- Life expectancy for the individual is estimated to be 80 years.

- Given that spouses and dependent children of governors, former governors, members, or former members can continue participation, the governor, former governor, member, or former member forgoes insurance benefits applicable only to himself or herself.
- Former governors and former members are assumed to be retirees (with less than 20 years served) for the purpose of estimating insurance premiums. Such health insurance benefits are estimated to be the equivalent of those associated with single or spouse only premium rates. The state pays 60 percent of this premium; the former governor or former member pays 40 percent of the premium.
- The monthly state contribution for the state insurance plan for retirees with single or spouse only health insurance coverage with 20 years of service or less for calendar year 2008 is approximately \$292.06 per month (or \$3,504.76 per year).
- Current governors and current General Assembly members are considered active employees for the purpose of estimating insurance premiums. Such health insurance benefits are estimated to be the equivalent of those associated with single premium rates. The state pays approximately 80 percent of this premium; the active governor or active General Assembly member pays approximately 20 percent of the premium.
- The monthly state contribution for the state insurance plan for active employees with single health insurance coverage for calendar year 2008 is approximately \$406.11 per month (or \$4,873.32 per year).
- The state portion of the premium for any specific individual is estimated to average \$4,189.04  $[(\$3,504.76 + \$4,873.32) \div 2 = \$4,189.04]$  for calendar year 2008.
- Six percent annual growth of health insurance premiums.
- The cumulative future value of total insurance premiums paid by the state, assuming the average state portion (estimated to be \$4,189.04 for 2008), a twenty-five year period, and six percent annual growth of premiums, is estimated to be \$247,808.45.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc